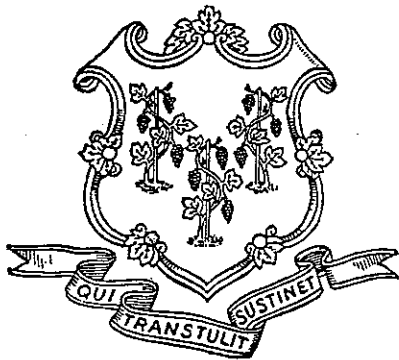


# Department of Income Maintenance Management

Connecticut  
General Assembly



LEGISLATIVE  
PROGRAM REVIEW  
AND  
INVESTIGATIONS  
COMMITTEE

December 1984

## CONNECTICUT GENERAL ASSEMBLY

### LEGISLATIVE PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE

The Legislative Program Review and Investigations Committee is a joint, bipartisan, statutory committee of the Connecticut General Assembly. It was established in 1972 as the Legislative Program Review Committee to evaluate the efficiency and effectiveness of selected state programs and to recommend improvements where indicated. In 1975 the General Assembly expanded the Committee's function to include investigations and changed its name to the Legislative Program Review and Investigations Committee. During the 1977 session, the Committee's mandate was again expanded by the Executive Reorganization Act to include "Sunset" performance reviews of nearly 100 agencies, boards, and commissions, commencing on January 1, 1979.

The Committee is composed of twelve members, three each appointed by the Senate President Pro Tempore and Minority Leader, and the Speaker of the House and Minority Leader.

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PERFORMANCE AUDIT

THE DEPARTMENT OF INCOME MAINTENANCE:  
GENERAL MANAGEMENT

LEGISLATIVE PROGRAM REVIEW AND  
INVESTIGATIONS COMMITTEE

DECEMBER 1984

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## RECOMMENDATIONS

- 1) The Department of Income Maintenance should submit a statement of its mission, goals, and objectives to the General Assembly by January 1 of each year.
- 2) The department should amend its Managers Planning Manual to require that each individual's management incentive plan reflect that individual's role in implementing the department's annual goals and objectives.
- 3) The Managers Planning Manual should be amended to require the commissioner to review and approve, disapprove, or modify each manager's plan prior to its starting date.
- 4) The department should designate the director of the personnel office as the single person responsible for monitoring and informing the commissioner about the department's adherence to requirements set forth in the Managers Planning Manual.
- 5) The Department of Income Maintenance should be required by January 1, 1987, to replace its existing policy and procedures manual with a new manual developed in accordance with Chapter 54 of the Connecticut General Statutes.
  - a. The new manual should set forth in clear, concise language the policies and procedures to be used by the Department of Income Maintenance in implementing and enforcing federal and state laws.
  - b. Department of Income Maintenance should identify by January 1, 1986, those portions of the existing manuals that will be deleted, retained, or modified, and the reason for each designation.
- 6) The department should designate a specific unit within the existing Office of Management Planning and Evaluation to carry out an operations research function.
  - a. The operations research unit should monitor and analyze the department's management, administrative, and procedural systems and issue written reports to the commissioner and his deputies.
- 7) The Office of Management Planning and Evaluation should develop a written work plan that:
  - a. clearly distinguishes the operations research unit from the research and statistics unit in terms of their roles and resources;

- b. establishes procedures for selecting and conducting operations research projects;
  - c. requires the research and statistics unit to:
    - regularly review the information needs of the department;
    - eliminate the required collecting and reporting of information that is not routinely analyzed and turned into a report; and
    - concentrate on collecting, analyzing, and disseminating in a timely manner information that is identified by department managers as important to the decision-making process.
- 8) The Department of Income Maintenance should establish a staff unit within the Program Division to carry out both a long-term and strategic planning function. The unit should issue periodic reports that:
- a. identify trends affecting the department's case load and expenditures;
  - b. forecast the need for and nature of resources two or more years into the future; and
  - c. outline strategies needed to meet future needs.
- 9) The department should develop full budget forecasts for one, two and three years into the future.
- 10) The department should make one person responsible for monitoring and reporting to the commissioner on the implementation of all new legislative mandates.
- 11) The Department of Income Maintenance shall on January 1 of each year submit to the legislative committee having cognizance over matters relating to the department a report indicating its degree of compliance with all legislative mandates imposed on the department during the previous 12 month period.
- 12) The Department of Income Maintenance shall provide the legislature with a financial report outlining all cost disallowances, financial penalty disallowances, sanctions, and fines actually paid during the preceding fiscal year. The report should identify for each occurrence the circumstances

leading to the imposition of the penalty. The report should also identify all recoveries occurring during the fiscal year for previous years.

- 13) The Department of Income Maintenance should require each central office director to develop an annual work plan that includes:
  - a. a mission statement for the office and specific goals and objectives for each unit within the office;
  - b. a description of the procedures used to select and perform activities;
  - c. quantitative performance indicators for the work flow of the office; and
  - d. a status report on the previous year's work plan.





## CHAPTER I

### INTRODUCTION

#### Selection of the Program

The subject of this report is the Legislative Program Review and Investigations Committee's performance audit of the overall management of the Department of Income Maintenance. The report was mandated by Public Act 83-446, which passed the General Assembly in 1983 and required the program review committee to audit selected programs within the Department of Income Maintenance.

Selection of the department's management practices was made by an ad hoc committee established under P.A. 83-446 to provide advice and consent to the program review committee with respect to the programs to be audited. The ad hoc committee consisted of the chairpersons and ranking members of the Government Administration and Elections and the Human Services Committees, and the members of the appropriation's subcommittee having cognizance over the Department of Income Maintenance.

Several factors contributed to the ad hoc committee's decision to designate the overall management of the department as one of the programs to be reviewed. The principal reason was a belief that the management practices employed by the department's upper echelon are ultimately responsible for how well programs throughout the department are operated. To insure that the management practices affecting all of the department's programs and not merely those being reviewed under P.A. 83-446 were examined, the ad hoc committee specifically chose management as one of the areas to be audited.

#### Scope of the Audit

The Legislative Program Review and Investigations Committee's performance audit of the Department of Income Maintenance's management was limited to the practices followed by the department's top managers. The audit concentrated on identifying, describing and evaluating the mechanisms used to formulate and implement policy. Special attention was given to the department's planning and budgeting capacity.

The program review committee did not examine the financial and personnel controls used by the department. Any such effort in this area would duplicate the work already done on a regular basis by the State Auditors of Public Accounts.

## Methodology

The program review committee used several techniques to collect and analyze information about the management practices of the Department of Income Maintenance. One approach was to construct a model illustrating the department's management hierarchy. The result was an organization model consisting of five levels. Data identifying the number of managers, the average salary, and the span of control for each level were then requested from the department.

The program review committee staff conducted a survey of over 100 persons within the department who were categorized as managers. The information obtained from the survey was aggregated and analyzed according to whether it pertained to upper- or middle-level managers. The program review committee staff also conducted direct interviews with a limited number of managers to obtain information about how some key offices operated and interacted with other offices within the department.

A number of documents including: the department's budgets, policy manuals, and mission, goals, and objectives statements; state and federal audit reports; and reports produced by the department were reviewed. Finally, testimony was taken at a public hearing sponsored by the program review committee.

## CHAPTER II

### DESCRIPTION AND ANALYSIS

The 1977 Executive Reorganization Act (Public Act 77-614) divided the Department of Social Services into the Department of Human Resources and the Department of Income Maintenance. The latter was given the responsibility to administer financial assistance programs while the former was mandated to operate all social services not related to money payments.

Approximately 70 percent of the staff resources of the Department of Social Services were allocated to the Department of Income Maintenance (1,500 employees). The purpose of the new department was to determine eligibility, issue checks, and detect fraud and errors for all financial assistance programs. These functions were viewed as routine and technical in nature.

#### Assistance Programs Operated by the Department

At present the Department of Income Maintenance provides assistance to needy individuals who are eligible under one or more of the seven program categories administered by the department. A brief description of those programs follows.

Aid to Families with Dependent Children. Aid to Families with Dependent Children (AFDC) provides cash assistance to households with needy dependent children who are deprived of support due to a parent's absence from the home, incapacity, death, or unemployment.

State Supplement to Supplemental Security Income. The State Supplement to Supplement Security Income (SSI) provides financial assistance to needy aged, blind, and disabled individuals whose income is insufficient to meet daily living expenses.

Food Stamps. The Food Stamp program helps needy individuals and families purchase the food they need for good health. Each month, eligible households are mailed authorization cards. The authorization cards are exchanged at a participating bank for coupons that can then be used to purchase food.

Medicaid. Medicaid provides free medical care to low-income individuals and families. Persons receiving cash assistance from the Department of Income Maintenance are automatically eligible for Medicaid. Households with income over limits for cash assistance but with high medical bills may also be eligible.

Energy Assistance. Under the coordination of the Office of Policy and Management, the department administers a portion of the

federal Winter Energy Assistance Block Grant. Recipients of cash assistance from the department are eligible for heating assistance.

General Assistance. The General Assistance program provides financial and medical assistance to single individuals, married couples without children, households that have a pending application for state assistance, and other individuals or households that do not qualify for state or federal assistance programs. Although general assistance is administered directly by Connecticut's cities and towns, the program is operated in accordance with department guidelines.

Refugee Assistance. Refugee households that do not meet the eligibility requirements of the AFDC or State Supplement programs can receive refugee assistance for a maximum of 18 months from the date they enter the country if their income and liquid resources are within AFDC levels. The other technical and nonfinancial eligibility factors involved in AFDC do not apply to refugee assistance; however, benefits are the same as those in the AFDC program.[1]

The Department of Income Maintenance determines initial and continuing eligibility, issues checks, and monitors for fraud and error in all of the above assistance programs except general assistance. The General Assistance Program is largely administered by the state's municipalities with the Department of Income Maintenance reimbursing 90 percent of the financial and medical assistance paid by the towns. In addition, under the General Assistance program the department reimburses the towns for 100 percent of the money paid to recipients who participate in the state's Workfare program and pays an administrative allowance of \$35 per month for each participant.

#### Case Load

Table 2.1 shows the average monthly case load, annual cost, source of funding, and percentage of total payments for each of the department's assistance programs. Two notes must be made about the average monthly case load column. First, the cases are not mutually exclusive and, therefore, recipients are counted separately under each program category they receive assistance. Second, the figures are averages and not a cumulative count of the number of persons receiving assistance under each program during the year.

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1 Program descriptions were taken from the Digest of Connecticut Administrative Reports (1982-83 pp. 226-227).

Table 2-1. Comparison of DIM Assistance Programs for Fiscal Year 1984.

<u>Program</u>	<u>Av. Mo. Cases</u>	<u>Annual State Cost</u>	<u>Source of Funding</u>	<u>Percentage of Total Costs</u>
AFDC	41,398	\$229,297,622	50% Fed. <sup>1</sup>	25.4%
Energy Assistance <sup>2</sup>	25,186	14,710,145	50% Fed.	1.6%
Food Stamp	60,855	67,010,217	100% Fed.	7.4%
General Assistance	23,372	69,767,057	100% State	7.7%
Medical Assistance	105,135	482,874,766	50% Fed. <sup>1</sup>	53.6%
Refugee	241	1,951,295	-	.9%
State Supplement	2,603	33,741,355	100% State	3.7%

<sup>1</sup> Approximate rate--actual rate varies due to different reimbursement rates within the program.

<sup>2</sup> The Energy Assistance Program provides a single grant to cover the heating season.

Source: Department of Income Maintenance Budget and Monthly Case Load Reports.

A graph showing the average monthly case load over the past five years for the four largest assistance programs is contained in Figure 2.1. The graph illustrates a downward movement in the Food Stamp and AFDC case loads, and an upward trend in the Medicaid and General Assistance programs. However, when the programs administered directly by the department (AFDC, Food Stamp, Medicaid) are looked at in total, there is little real change in case load volume over the five year period.

### Organization and Staffing

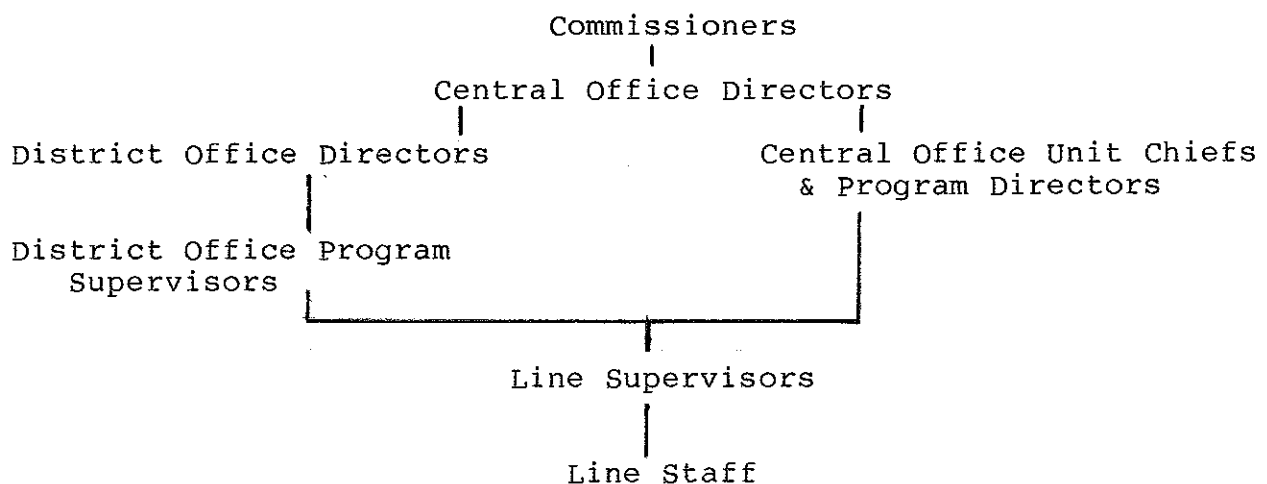
The Department of Income Maintenance's physical facilities include a central office located in Hartford and 13 district and subdistrict offices spread throughout the state. Approximately one-third of all personnel are located at the central office. In terms of organization the department is divided into 2 operating divisions (programs and administration), 12 offices, and several units. Figures 2.2 and 2.3 display the functional organization of the Program and Administration Divisions. (See pages 8 and 9.) The Program Division chart (Figure 2.3) includes a hypothetical district office configuration.

A staff organizational hierarchy is shown in Figure 2.4. The figure depicts the department as consisting of six staff levels. The levels range from the commissioner and his two deputies at the top to line staff at the bottom.

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Figure 2.4. Department of Income Maintenance Hierarchy.

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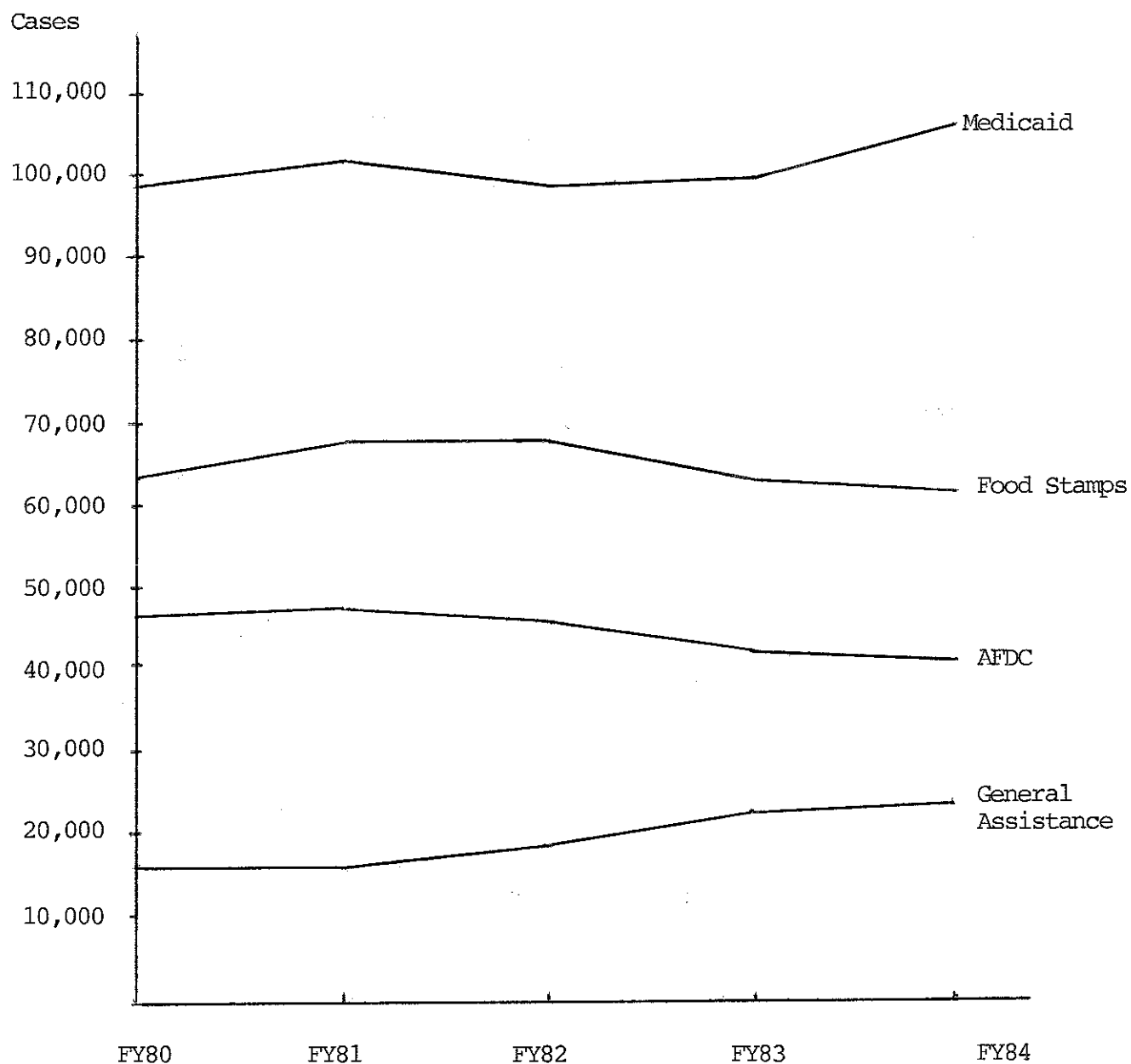
Source: Legislative Program Review and Investigations Committee.

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Figure 2.1. Department of Income Maintenance (Selected Programs)

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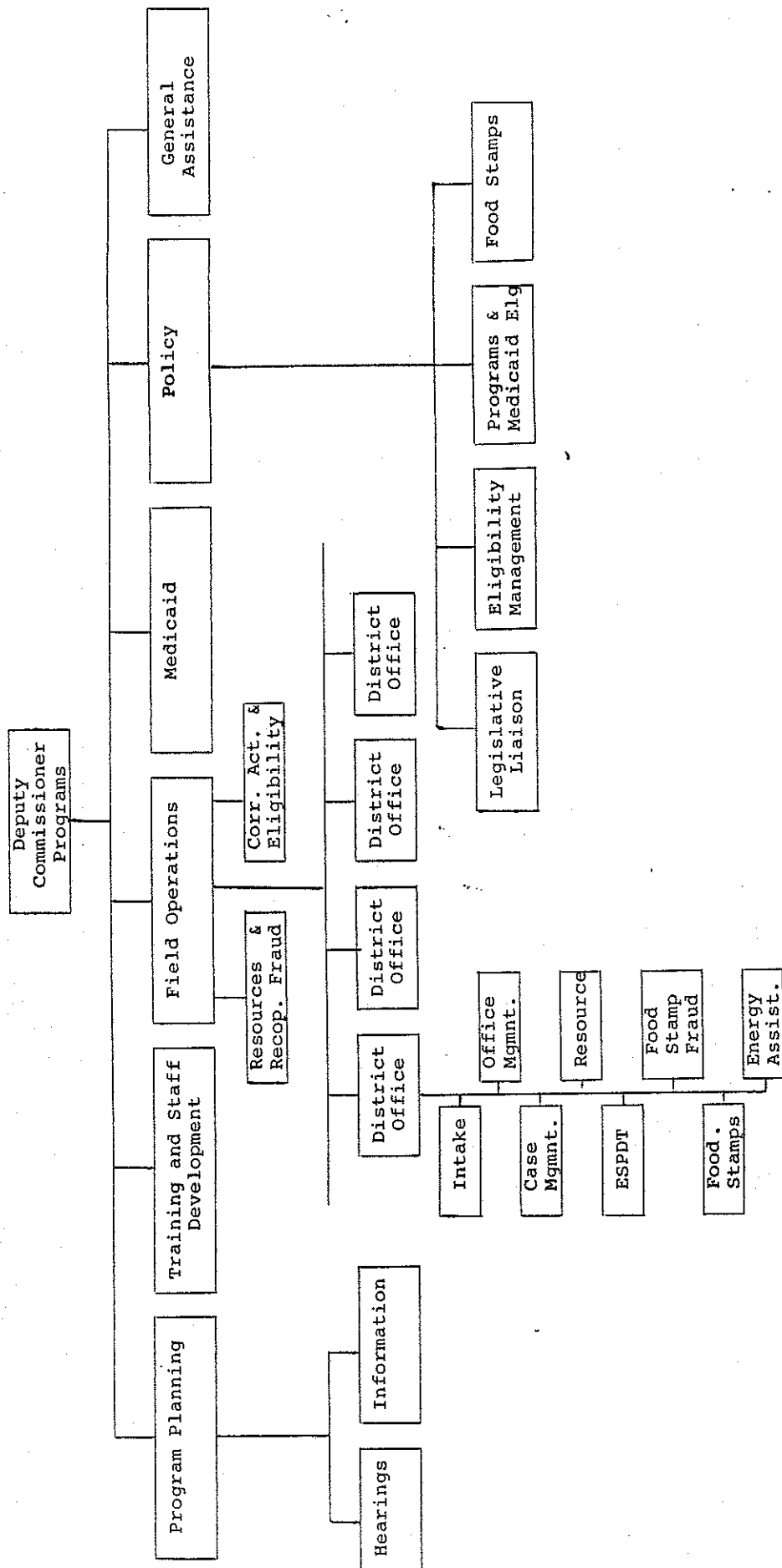


Source: Legislative Program Review and Investigations Committee

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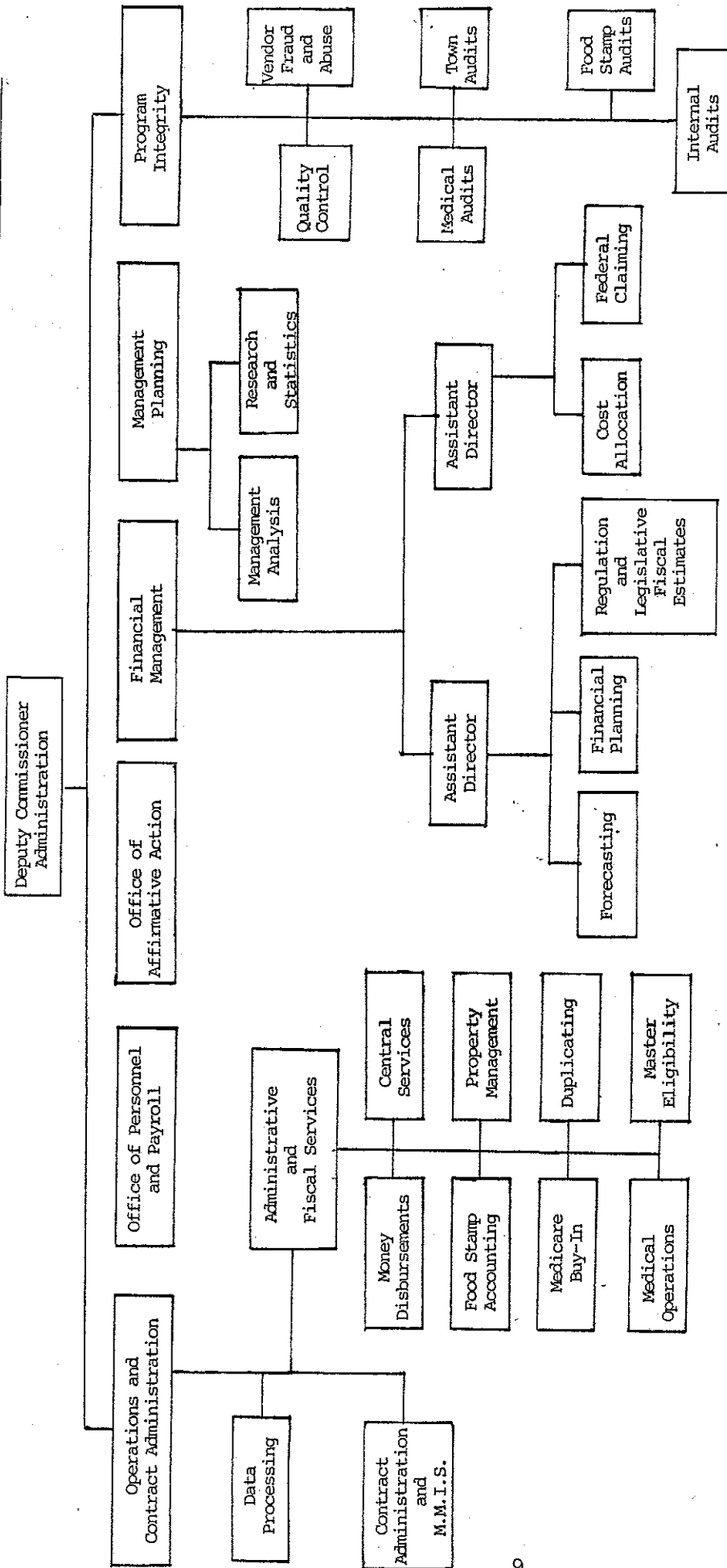


Figure 2.2. Department of Income Maintenance Functional Organization (Program Division)



Source: Department of Income Maintenance

Figure 2.3. Department of Income Maintenance Functional Organization (Administration Division)



Source: Department of Income Maintenance.

Between the 1980 and 1984 state fiscal years the department's authorized staff level ranged from approximately 1,500 to 1,520. The vacancy rate during this five-year period remained at a fairly constant 5 percent. For state fiscal year 1985 an additional 100 positions have been authorized.

Because the Department of Income Maintenance does not have a count of unduplicated cases an exact staff to case load ratio cannot be calculated. However, a gross estimate of the ratio can be made for each of the three major programs by dividing the average monthly case load by the total staff. Table 2.2 contains the results of applying this procedure to each of the three programs. The estimated ratios shown in the table indicate that the number of clients per filled staff position is declining.

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Table 2.2. Department of Income Maintenance Staff to Case Load Ratios.

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<u>Program</u>	<u>FY 80</u>	<u>FY 81</u>	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>
AFDC	33.2	33.9	31.5	29.6	27.2
Food Stamp	46.9	48.2	46.2	43.0	40.0
Medicaid	71.1	71.2	67.8	67.8	69.2

Source: Legislative Program Review and Investigations Committee.

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### Funding

The Department of Income Maintenance's annual operating budget accounts for nearly one-quarter of the entire state budget. During state FY 84 the department had expenditures of approximately \$885,000,000. The department's estimated expenditures for FY 85 are \$955,000,000, and its initial budget request for FY 86 exceeds \$1 billion.

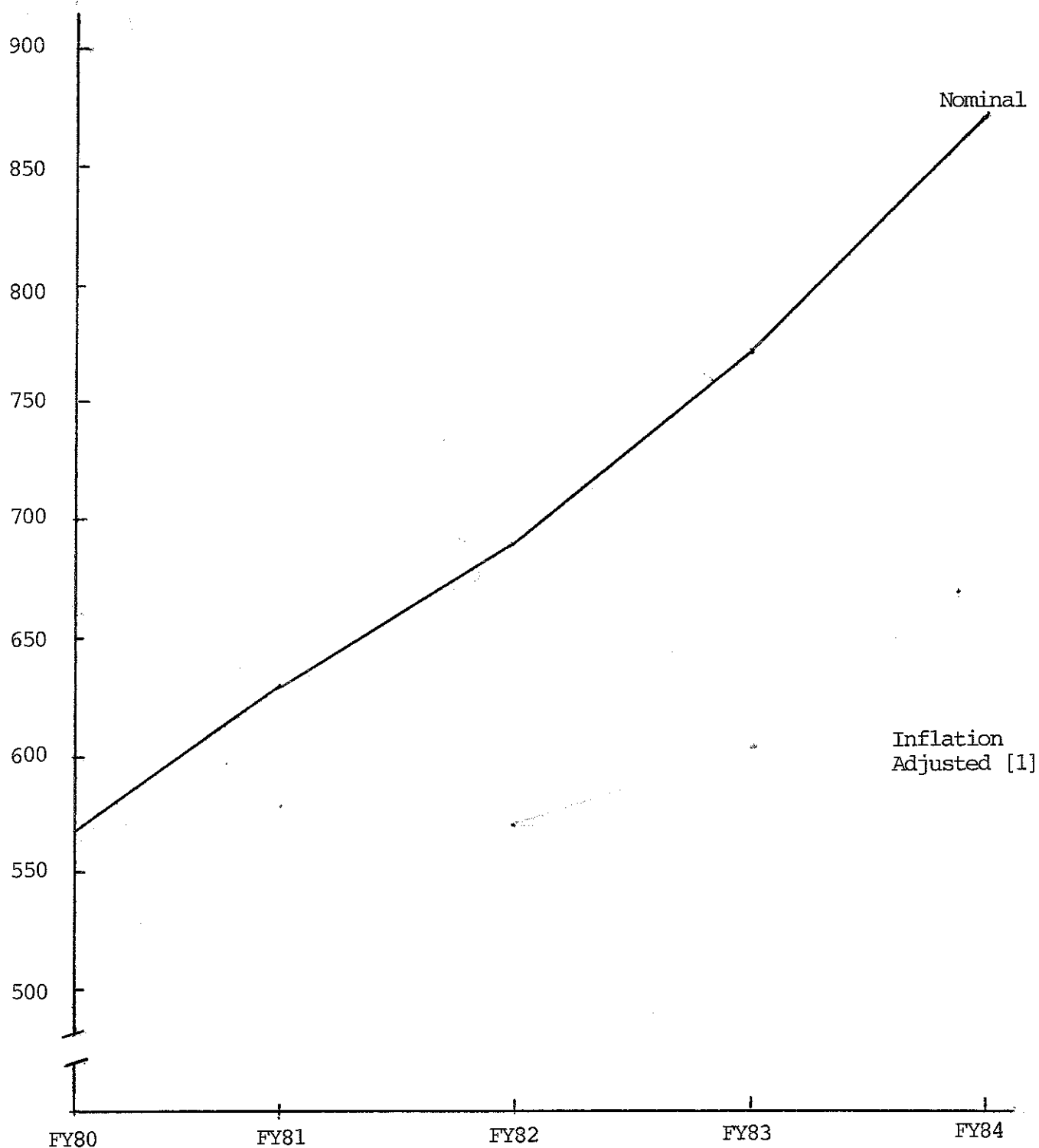
Figure 2.5 depicts the department's expenditures for each of the last five state fiscal years. The solid line shows the actual expenditures and the dashed line traces the same expenditures transformed into constant 1980 dollars.[2] Figure 2.5 illustrates that

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2 This transformation was calculated using the Gross National Product (GNP) price deflator.

Figure 2.5. Department of Income Maintenance's Nominal & Inflation Adjusted Expenditures.

In millions



[1] The Gross National Product Price Deflator used to transform expenditures into constant 1980 dollars.

Source: Legislative Program Review and Investigations Committee.

the rapid increase in the department's nominal expenditures is less pronounced when adjusted for inflation.

An analysis of where the department's money goes reveals that nearly 94 percent is expended directly on clients. Personnel accounts for about 3.5 percent, and operating expenses consume the remaining 2.5 percent. This distribution has remained fairly constant throughout the department's five year history.

### Policies and Procedures

In general responsibility and authority for the day-to-day operation of the Department of Income Maintenance is decentralized. Typically, only line staff are required to seek approval from their superiors. Even this requirement is only applicable in case related matters. From line supervisors on up the organizational hierarchy, individuals are authorized to make all decisions within their areas of responsibility. Overall control is maintained through a system whereby each supervisor monitors, and is held responsible for the timeliness and accuracy of the work produced directly by those reporting to him or her.

Guidance in case-related matters is provided in a series of manuals outlining the department's policies and procedures. The manuals contain a mix of philosophy, policy, and procedure. They are written in very technical and often complex language, and when placed side by side measure six feet in length. Their utility is limited by the fact that they lack an adequate index.

The manuals are maintained by the Office of Policy. The policy office monitors changes in federal and state requirements and revises the manuals as necessary. In addition, the policy staff provides formal policy interpretations when requested by district office case workers and their supervisors.

The department seems to recognize the inadequacy of the existing manuals and intends to have a new set in place by the time a computer-assisted eligibility management system is implemented in 1987. The need for manuals that are better indexed and easier to understand will be increased by the new system because the department's case management workers will switch from being specialists to being generalists and will be required to handle all aspects of the cases assigned to them.

The department's overall policy and direction is set by the commissioner and his two deputies. It is enunciated in an annual mission, goals, and objectives statement. The statement clearly and concisely describes the department's direction and priorities for the coming fiscal year. (See Appendix A.)

During each of the past two years the commissioners have circulated to the department's top managers, a draft of their proposed goals, objectives, and priorities. After receiving the managers' feedback, the commissioners finalize their objectives and issue the mission, goals, and objectives statement. The statement is distributed department wide and stands as official policy.

One of the mechanisms available to the commissioners for ensuring that the goals, objectives, and priorities are implemented is the Connecticut's Management Incentive Plan (MIP) program. The program was established in 1978 by Public Act 78-231 and is designed to compensate the state's managerial employees for achieving specific objectives. Since the inception of the program, the department has stated a desire to advance its goals and objectives through use of the MIP process.

However, the state auditors reviewing the department indicated that until recently administration of the MIP plan has been inconsistent, and in many instances manager's objectives have not been set in accordance with the department's goals and objectives. Based on a limited number of interviews and a survey of department managers, the program review committee concurs with the auditors' views.

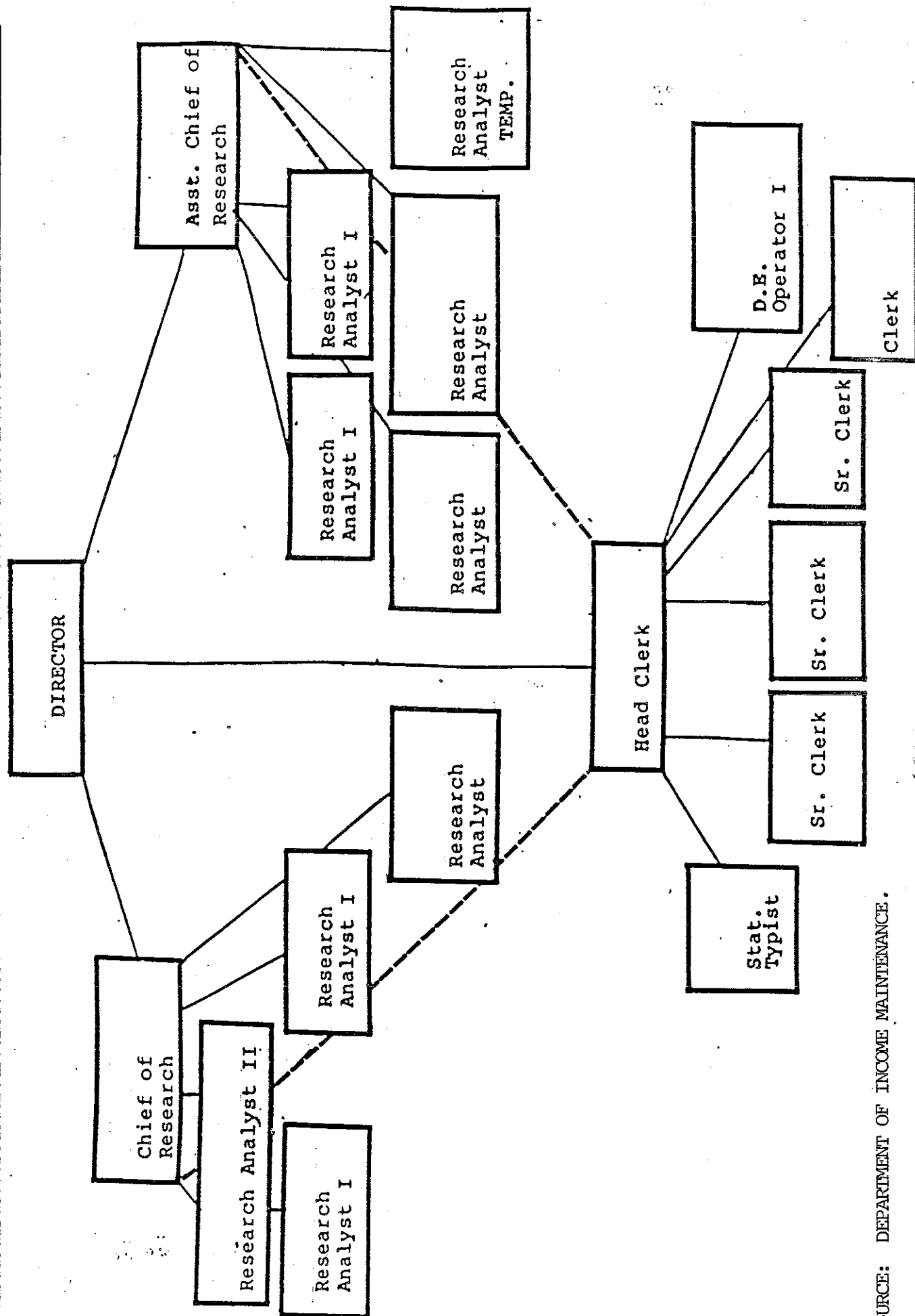
It now appears a significant change has occurred in the department's policy with respect to the MIP program. The current commissioner has taken a more active role in assuring that the objectives contained in the managers' 1985 incentive plans address the department's goals and priorities. Specifically, the commissioner intends to accomplish this by stressing his desire to see a correlation between the department's and the manager's goals and by personally reviewing all MIP plans.

### Planning

Formal responsibility for providing planning services to the department resides in the Office of Management Planning and Evaluation. Functionally, the management planning office is supposed to provide the department with a research and statistics, and a program evaluation capability. The latter responsibility, which encompasses analyzing administrative and procedural systems on a selected basis, evolved over the years and was finally formalized during the department's recent reorganization.

The Office of Management Planning and Evaluation has an authorized staff level of 21 persons including 11 professionals. Figure 2.6 shows the organizational structure of the office. It is noteworthy that despite the fact the department's functional organizational chart (see Figure 2.3) distinguishes between research and statistics and management analysis, such a distinction is not made in the office's internal structure.

Figure 2.6. ORGANIZATIONAL CHART-MANAGEMENT PLANNING AND EVALUATION.



SOURCE: DEPARTMENT OF INCOME MAINTENANCE.

The lack of a real distinction between the functions is complicated by the fact that the Office of Management Planning and Evaluation does not have a formal written plan that defines a difference between management analysis and research and statistics. Even on an operational level a distinction between the two functions is not made. Whether this contributes to the fact that few reports produced by the office can be classified as management analysis is a matter of conjecture.

Information generated throughout the course of the program review committee's performance audit of the Department of Income Maintenance demonstrated that the Office of Management Planning and Evaluation was frequently unable to meet all of its responsibilities in a timely manner. Interviews with, and survey responses from, several of the department's managers revealed that information generated by the office was often of little value because it came too late. In an effort to deal with this problem, some managers were identifying, collecting, and analyzing their own data, in effect setting up parallel research centers. If alternative research operations continue to develop, they will eventually eliminate meaningful department-wide research.

It should be noted there were two factors that contributed to, but were not completely responsible for, the Office of Management Planning and Evaluations' problems. First, a federally required change in the computerized method of handling quality control data temporarily necessitated the assignment of additional staff resources to the quality control function. Second, the office experienced an unusually large number of long-term absences (six) during the period between July 1983 and September 1984.

Until recently the Department of Income Maintenance neglected long-term planning, which involves identifying and forecasting trends that will have an impact in the future, and strategic planning, which involves developing operational strategies for dealing with the intermediate range (one to three years). A result of this neglect is seen in the fact that the department paid little attention to the General Assistance program until after case expenditures began to increase by 50 percent and more per year.

Recognizing that without intermediate and long range planning, managers are forced to be reactive rather than proactive, the department made the development of a future oriented planning capacity a priority for fiscal year 85.

#### Budgeting

The Department of Income Maintenance's Office of Financial Management is responsible for preparing the annual budget. The



office is located within the Administrative Division and consists of nine staff including five professionals.

Development of the department's annual budget begins in July. As part of the process managers of the various offices are requested to identify new initiatives or requirements that have budgetary implications. The budget office reviews all requests and through the director brings related issues to the attention of the three commissioners. The department's budget request, as approved by the commissioners, is sent to the Office of Policy and Management and the General Assembly's Office of Fiscal Analysis in September.

The basis for the proposed budget is anticipated spending for the current fiscal year. Thus, the new budget contains projections for expenditures up to 24 months into the future. Projections are based on such things as anticipated rates for services provided to clients (e.g., medical, dental, etc.), demand for client services, department case loads, and personnel expenses.

The first of three major updates of the department's budget occurs in late November or early December. The others take place in March and May. The updates are the result of planned reassessments of the department's current budget performance.

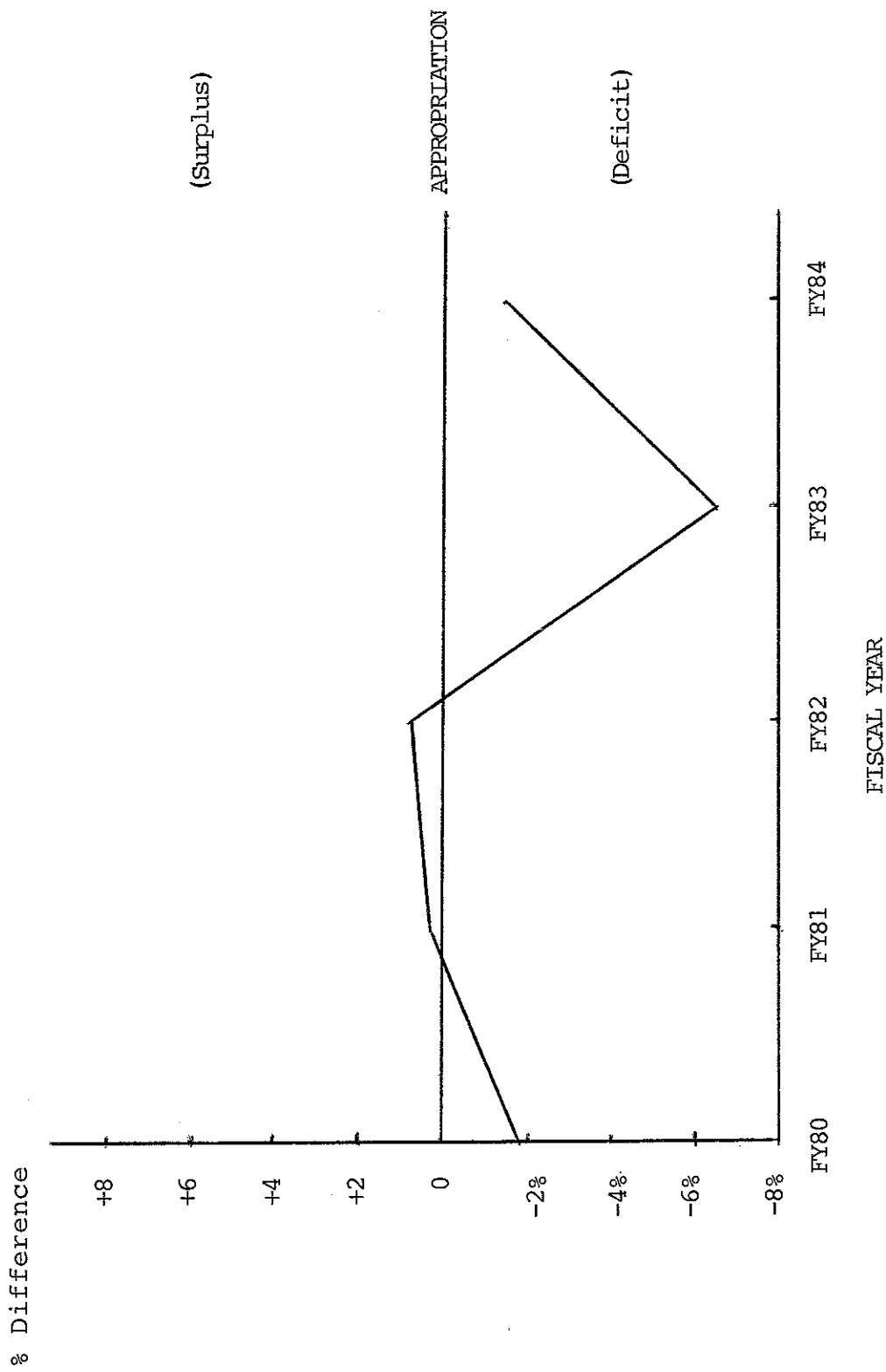
Figure 2.7 shows the percentage difference between the department's expenditures and its appropriations for each of the past five years. Deficits are shown in negative terms and surpluses in positive terms. With the exception of state fiscal year 1983, the department's expenditures do not deviate from its appropriations by more than two percent.

Figure 2.8 compares the relationship between appropriations and expenditures of the department with the remainder of the state budget excluding the contribution of the Department of Income Maintenance. The figure shows that other than state fiscal year 1983, the department's budget deviations are not much different than the deviations of the state budget as a whole.

Figure 2.9 presents a comparison between the department's initial budget request, its appropriation, and its final expenditures. From fiscal year 1980 through fiscal year 1982, the three components are fairly close. However, in the past two fiscal years, the difference between the department's request and its expenditures has grown.

The Department of Income Maintenance does little long-term financial planning. The primary reasons given for its absence are 1) key variables, such as case loads and payment rates, simply cannot be predicted with much accuracy; and 2) existing budget staff and other resources, such as computer programs, are

Figure 2.7. Percentage Difference Between Appropriations and Expenditures of the Department of Income Maintenance.



Source: Legislative Program Review and Investigations Committee.

Figure 2.8. Percentage Difference Between Appropriations and Expenditures for the State and the Department of Income Maintenance.

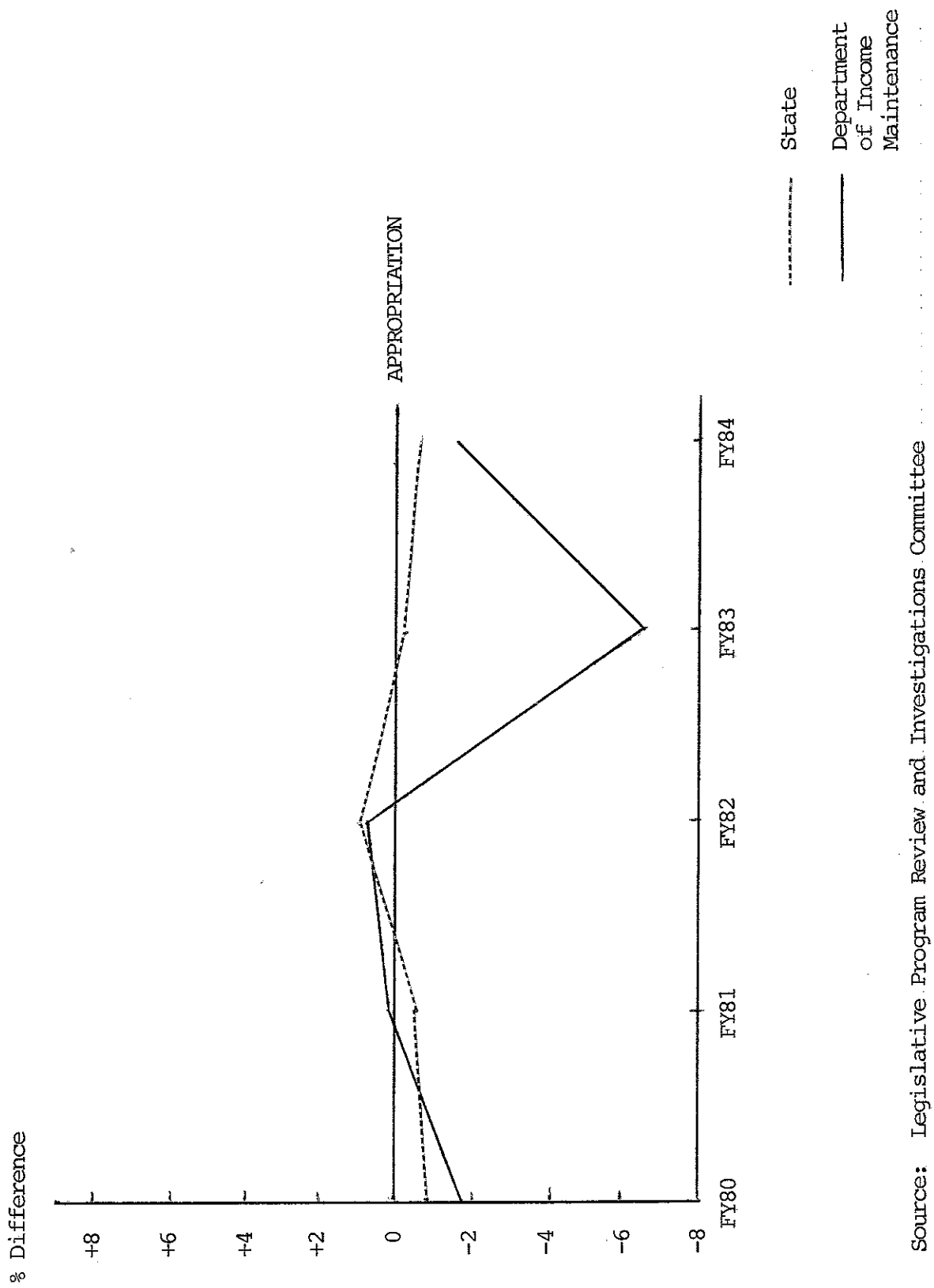
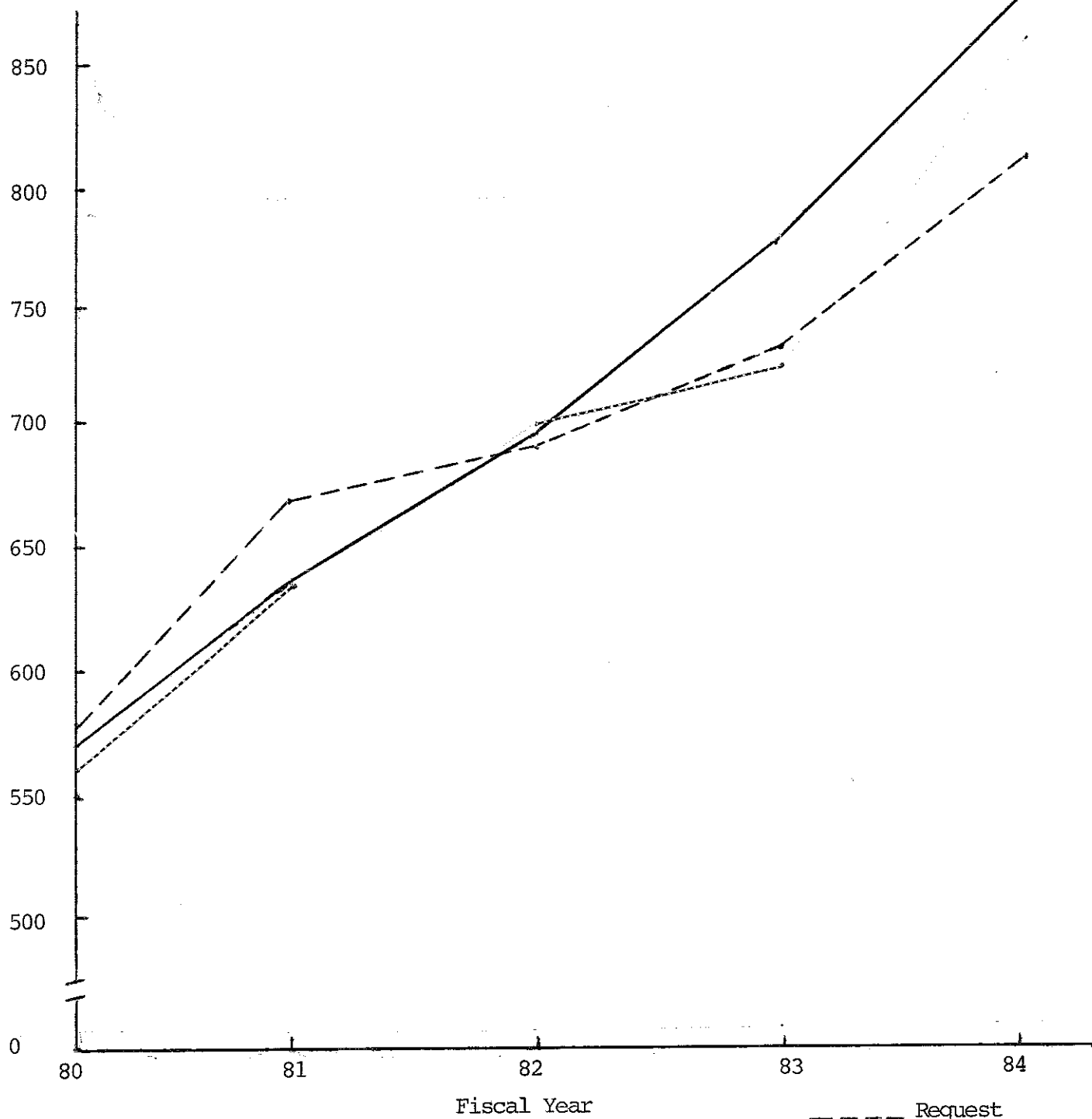


Figure 2.9. Comparison of Department of Income Maintenance Budget -- Requests versus Appropriations versus Expenditures.

in millions



Source: Legislative Program Review & Investigations Committee

limited and must be devoted to meeting the financial requirements imposed by federal and state authorities.

### Legislative Compliance

Annually, the Department of Income Maintenance is responsible for implementing a large number of new state laws. For example, between April 1 and October 1, 1984, approximately 25 state laws impacting the department went into effect. While the program review committee did not systematically analyze the department's legislative compliance record, the staff did discover some areas where the department either failed to comply or compliance was incomplete.

For example, the department was mandated by Public Act 83-575 to implement by April 1, 1984, a program requiring all towns under the General Assistance program to fund the same medical services. However, as of October 1, 1984, the department still had not finalized regulations to implement the program.

In another instance, Public Act 83-354 required the commissioner to adopt regulations concerning cross matching and referencing social security numbers of all of the department's clients with the depositors at Connecticut financial institutions. The act took effect June 21, 1983. Since that date, such regulations have not been drafted.

However, the department has proceeded with a pilot bank match it was working on prior to passage of Public Act 83-354. The project involves cross matching and cross referencing the social security numbers of recipients of public assistance programs to six Connecticut banking systems. Thus, although the department has not technically complied with the law, it has made progress. Nevertheless, the fact remains that the department has not fully complied nor has it notified the General Assembly of its intentions in this area.

Another major area of concern with respect to compliance involves the requirement stipulated in P.A. 83-354 that the commissioner of income maintenance notify the legislative committees having cognizance over public assistance programs whenever federal sanctions have been or may be imposed. The statute was enforceable for the time period June 21, 1983, to September 30, 1984.

Public Act 83-354 was revised by Public Act 84-59. The new act expands the reporting requirements by requiring that the department report to legislative leaders (not committees of cognizance) within five days of federal notification regarding fines, sanctions, or both, that are "likely to be imposed". The statute further stipulates that the department describe the reason for the

notification and the department's plan of action regarding the notice. Public Act 84-59 became effective October 1, 1984.

A review of those sanctions known to the program review committee showed that the department had notified the appropriate legislative committees about sanctions or disallowances occurring after June 21, 1983. However, the department did not notify the committees about fines or disallowances that occurred before P.A. 83-354 was passed and that might still be pending resolution.

When asked to disclose the amount of money paid in penalties the department informed program review committee staff that it did not systematically keep track of such payments. The department claimed that having to produce such a figure would be extremely difficult if not impossible.



## CHAPTER III

### FINDINGS AND RECOMMENDATIONS

The management component of the performance audit of the Department of Income Maintenance concentrated on the department's formulation and implementation of policy, its planning and budgeting capacity, and compliance with new state legislation.

#### Policy Development and Implementation

The department's overall policy and direction is enunciated in an annual mission, goals, and objectives statement. The priorities contained in that statement have been adopted by the commissioner and the two deputy commissioners after consultation with the department's top managers.

The program review committee believes the statement is a good indicator of the department's policies and priorities and, therefore, recommends that **the Department of Income Maintenance submit a statement of its mission, goals, and objectives to the General Assembly by January 1 of each year.**

The management incentive plan program established in 1978 by Public Act 78-231 is designed to compensate selected employees for achieving specific objectives. It is one of the mechanisms available for use in implementing the department's goals and objectives.

The current commissioner has taken an active role in seeing that the objectives contained in the managers' 1985 plans address the department's priorities. Specifically, the commissioner intends to accomplish this by stressing his desire to see a relationship between the department's and the manager's goals and objectives and by personally reviewing all MIP plans. To ensure these changes are not temporary, the program review committee recommends that:

- 1) The department amend its Managers Planning Manual to require that each individual's management incentive plan reflect that individual's role in implementing the department's annual goals and objectives.
- 2) The Managers Planning Manual be amended to require the commissioner to review and approve, disapprove, or modify each manager's plan prior to its starting date.
- 3) The department designate the director of the personnel office as the single person responsible for monitoring and informing the commissioner about the department's



**adherence to requirements set forth in the Managers Planning Manual.**

The policies and operating procedures followed by the department in implementing federal and state laws are outlined in a series of manuals. The manuals have been developed over many years and contain a mix of philosophy, policy, and procedure. The manuals are written in very technical and often complex language, and are limited by the fact that they lack an adequate index.

The department seems to recognize the inadequacy of the existing manuals and intends to have a new set in place by the time a computer-assisted eligibility management system is implemented in 1987.

To ensure the department follows through with its plans to replace its current operations manuals, the program review committee recommends that:

1. The Department of Income Maintenance be required by January 1, 1987, to replace its existing policy and procedures manual with a new manual developed in accordance with Chapter 54 of the Connecticut General Statutes.
2. The new manual should set forth in clear, concise language the policies and procedures to be used by the Department of Income Maintenance in implementing and enforcing federal and state laws.

The program review committee believes that to ensure the department follows a timely and orderly process, it is necessary to establish some benchmark. Therefore, the committee further recommends the Department of Income Maintenance identify by January 1, 1986, those portions of the existing manuals that will be deleted, retained, or modified, and the reason for each designation.

Planning

Formal responsibility for providing planning services to the department resides in the Office of Management Planning and Evaluation. Functionally, the management planning office is supposed to provide the department with a management analysis, and a research and statistics capability. The latter is an operations research type function and encompasses analyzing administrative and procedural systems on a selected basis.

The program review committee found that the Office of Management Planning and Evaluation's internal organizational structure did not distinguish between the research and statistics and the

operations research functions. Indeed, the management planning office did not either formally in a written plan, or informally on an operational level, distinguish between the two functions. The program review committee concluded the lack of a distinction between the two functions contributed to the fact that the office produced few management analysis-type reports and seemed to be dominated by its research and statistics responsibilities. Therefore, the program review committee recommends:

1. The department should designate a specific unit within the existing Office of Management Planning and Evaluation to carry out an operations research function.
2. The operations research unit should monitor and analyze the department's management, administrative, and procedural systems and issue written reports to the commissioner and his deputies.
3. The Office of Management Planning and Evaluation should develop a written work plan that:
  - a) clearly distinguishes the operations research unit from the research and statistics unit in terms of their roles and resources; and
  - b) establishes procedures for selecting and conducting operations research projects.

The committee found the Office of Management Planning and Evaluation was unable to meet all its responsibilities in a timely manner. Interviews and survey responses from several of the department's managers indicated that information generated by the research and statistics unit was often of little value because it came too late.

The program review committee believes problems associated with the timeliness and utility of information within the department could be reduced if:

1. The research and statistics unit:
  - a) regularly reviews the information needs of the department;
  - b) eliminates the required collecting and reporting of information that is not routinely analyzed and turned into a report; and

- c) concentrates on collecting, analyzing, and disseminating in a timely manner information that is identified by department managers as important to the decision-making process.**

Both long-term planning, which involves identifying and forecasting trends that will have an impact in the future, and strategic planning, which involves developing operational strategies for dealing with the intermediate range (one to three years), have until recently been neglected by the department.

Recognizing that without intermediate and long range planning managers are forced to be reactive rather than proactive, the department made the development of a future oriented planning capacity a priority for fiscal year 85. A preliminary plan called for the Office of Management Planning and Evaluation to play the major staff role in implementing and carrying out the project.

The program review committee believes assignment of the major staff role to the management planning office would be a mistake on two grounds. First, such a move would further erode the ability of management planning to meet its responsibilities. Second, this type of planning should result in the formulation of future program and operational policies and, therefore, should be tied closely to the department's Program Division rather than the Administrative Division, which is primarily concerned with current operations.

Therefore, the program review committee recommends:

- 1) The Department of Income Maintenance should establish a staff unit within the Program Division to carry out both long-term and strategic planning functions.**
- 2) The unit should issue periodic reports that:**
  - a) identify trends affecting the department's case load and expenditures;**
  - b) forecast the need for and nature of resources two or more years into the future; and**
  - c) outline strategies needed to meet future needs.**

#### Budgeting

The program review committee found the department's expenditures over the last five fiscal years were, with one exception, within two percentage points of its appropriation. The committee's analysis of the annual budget process uncovered no major

procedural problems. However, the program review committee was dissatisfied with the absence of any long-term budgeting by the department.

The program review committee believes the department would derive a great deal of benefit from being forced to develop, review, and think about its future budgets. Therefore, the committee recommends **the department should develop full budget forecasts for one, two, and three years into the future.**

#### Legislative Compliance

The program review committee found some instances where the Department of Income Maintenance either failed to comply with new legislative mandates or compliance was incomplete. The committee believes that two steps can be taken to improve the department's compliance record.

- 1) **The department should make one person responsible for monitoring and reporting to the commissioner on the implementation of all new legislative mandates.**
- 2) **The Department of Income Maintenance shall on January 1 of each year submit to the legislative committee having cognizance of matters relating to the department a report indicating its degree of compliance with all legislative mandates imposed on the department during the previous 12-month period.**

When asked to disclose the amount of money paid in penalties the department informed the committee that it did not systematically keep track of such payments. The department claimed that having to produce such a figure would be extremely difficult if not impossible. The program review committee thinks such information should be available and, therefore, recommends:

**The Department of Income Maintenance shall provide the legislature with a financial report outlining all cost disallowances, financial penalty disallowances, sanctions, and fines actually paid during the preceding fiscal year. The report should identify for each occurrence the circumstances leading to the imposition of the penalty. The report should also identify all recoveries occurring during the fiscal year for previous years.**

#### General Operations

Interviews with and a survey of selected department staff revealed that several offices and major units did not have annual work plans. The absence of such a basic management tool encourages ad hoc procedures to develop for handling almost every re-

sponsibility of an organization. In addition, it often means that measuring output is difficult if not impossible. Therefore, the program review committee recommends:

The department should require each central office director to develop an annual work plan that includes:

1. a mission statement for the office and specific goals and objectives for each unit within the office;
2. a description of the procedures used to select and perform activities;
3. quantitative performance indicators for the work flow of the office; and
4. a status report on the previous year's work plan.

## APPENDICES



## APPENDIX A

### DEPARTMENT OF INCOME MAINTENANCE

Mission, Goals and Objectives for FY 1984-85

August 1, 1984



## APPENDIX A

### Mission Statement

The mission of the Department of Income Maintenance is to insure eligible families and individuals a standard of living consistent with health and decency by providing financial, medical, food and home heating assistance in a compassionate, accurate and equitable manner and in accordance with federal and state law. In carrying out this mission, the Department also serves as an advocate on behalf of its clients.

## Goals

1. To serve clients in a manner that respects their dignity and rights and provides them with appropriate information and referral services.
2. To determine and redetermine eligibility and process interim changes in an accurate, timely and efficient manner.
3. To manage the agency in a manner that assures open internal communications and the active participation of all units and functions.
4. To promulgate policies and procedures for all programs in a coordinated, uniform, timely and efficient manner.
5. To insure highest standards of program integrity through aggressive quality control, audit and anti-fraud/abuse efforts for all programs and operations of the department.
6. To insure effective management of agency financial resources within authorized appropriation levels while maximizing federal financial participation.
7. To develop and maintain productive relations with appropriate federal agencies to promote program initiatives and insure compliance with federal requirements.
8. To monitor and evaluate programs, policies and procedures to simplify and reduce paperwork minimize errors and maximize agency efficiency and effectiveness.
9. To select, develop and maintain a competent and trained staff with the necessary knowledge and skills to perform their functions and provide opportunities for career development.
10. To continue to make timely and accurate vendor payments.
11. To develop and maintain improved external communications and coordination. (Including public information, interdepartmental relations, legislative relations and coordination with municipalities in the administration of the General Assistance program.)
12. To enhance agency auditing capability to insure the accuracy of expenditures in all program areas.

## 1984-85 Objectives

### Priority I

- To continue to prevent and reduce errors through aggressive corrective action to meet federal targets: (year long)

AFDC	3%
Food Stamps	5%
Medicaid	3%

- To further develop a comprehensive eligibility management system. The system is to be implemented and fully operational by January 1, 1987. Specific activities for 1984-85 are:

- Selection of the "Manager" (July 15, 1984)
- Definition, simplification and issuance of policy (year long)
- Development and issuance of uniform procedures for the operation of D.O. NPA Food Stamp Units (February 1, 1985)
- Selection of consultants to assist in the development of initial system specifications (December 31, 1984)
- Reorganization of district NPA food stamp units (year long)

- To continue implementation of "Managing Medicaid in an Era of Scarce Resources." Specific activities for 1984-85 are:

- To implement a Third Party Liability Recovery System with the goal of reduced Medicaid expenditures of \$4 million (year long)
- To refine strategies for containing long term care costs (December 15, 1984)
- To establish methods to reduce Medicaid expenditures for hospital care within the framework of the statewide all-payor prospective reimbursement system (October 1, 1984)
- To submit waivers and increase participation in case management, alternate health delivery systems and community based care projects (year long)
- To continue systematic comprehensive review and revision of Medicaid reimbursement and program policies to provide more equitable reimbursement for comparable community based and institutional services (year long)

- To develop and implement a comprehensive plan to offer AFDC and General Assistance recipients meaningful training and employment opportunities (year long). Specific activities:

- Establishment of a pilot supported work program (P.A. 84-444)
- Establishment of a job search program for AFDC applicants and recipients
- To provide leadership in refocusing the WIN program in accordance with P.A. 84-473
- To provide effective channels for G.A. and AFDC recipients to participate in JTPA training programs
- Publication of a written employment and training program plan (January 31, 1985)
- To establish an effective agency strategic planning structure and process (September 1, 1984)
- To revise the budget process to a program budget format which is responsive to agency policy, programs, field operations, and financial management.

#### Priority II

- To monitor and evaluate AFDC and Food Stamps monthly reporting (AFDC - year long, FS by November 30, 1984)
- To fill all vacancies, consistent with goals defined in the agency's Affirmative Action Plan, through hiring and upgrading with automatic refill authority (year long)
- To make policy and program decisions on key issues, including but not limited to:
  - 209b status (federal administration of state supplements) (January 1, 1985)
  - Indexing of standards (P.A. 84-470) (January 1, 1985)
  - Impact of DRGs (P.A. 84-315) (October 1, 1984)
  - State administration of General Assistance (year long)
- To assess and evaluate the programmatic and fiscal implications of standardized medical policy and shelters for the homeless in the GA program (year long)
- To implement the provisions of pertinent Public Acts adopted during the 1984 session of the General Assembly (year long)

- To upgrade field and central office space and equipment in order to improve overall working conditions for employees and provide a better environment for clients (year long)

## APPENDIX B

### SURVEY OF CENTRAL OFFICE DIRECTORS

N=7

1. \_\_\_\_\_  
\_\_\_\_\_
2. Please indicate the number of years you have been working in the Department of Income Maintenance? (Round to the nearest whole number.)  
10 Years
3. Please indicate the number of years you have been working in your present job? (Round to the nearest whole number.)  
3 Years
4. Please indicate the number of workers who report directly to you.  
8
- \*5. Please indicate the percentage of your time that is devoted to each of the activities listed below. (The time allocated to all activities must total 100 percent.)
  - 25 % Planning and coordinating staff activities related to the responsibilities of your office or unit
  - 23 % Reviewing, monitoring, or evaluating work produced by your office or unit
  - 16 % Supervising subordinates through direct contact
  - 12 % Performing work that is directly related to the output of your office or unit (e.g., conducting audits, processing clients, writing policies, etc.)
  - 9 % General administration (e.g., preparing personnel and financial reports, conveying routine information to subordinates, etc.)
  - 13 % Meetings not included in any of the above activities

\*Represents an approximation constructed by averaging responses.

\*6. With respect to participants in the meetings you attend, please indicate what percentage of the meetings include:

36 % Only members of your office or unit

44 % Members of other department offices or units

19 % Members from entities outside of the department

\*7. With respect to the nature of the meetings that you attend, please indicate what percentage of them involve:

44 % Matters related predominately to the responsibilities or operation of your office or unit

49 % Matters that are the responsibility of several offices or units within the department including yours

8 % Matters related to the responsibilities or operation of other offices or units, but not related to the specific responsibilities or operation of your office or unit

       % Other (specify) \_\_\_\_\_

8. Between July 1, 1983, and June 30, 1984, how many times did you meet with your superior for a formal evaluation of your work?

5

9. Between July 1, 1983, and June 30, 1984, on average, how many times did you meet with each of your subordinates for a formal evaluation of their work?

3

10. Do you have an annual work plan for your office or unit that covers the following time periods?

a) July 1, 1983 to June 30, 1984      4 Yes      3 No

b) July 1, 1984 to June 30, 1985      6 Yes             No

\*Represents an approximation constructed by averaging responses.

11. Please circle the number corresponding to the term that best characterizes the frequency of contact between your office or unit and the other offices and units listed below. (1 = Regular, 2 = Occasional, 3 = Infrequent) Please leave the row next to your own office or unit blank.

<u>Office/Unit</u>	<u>Regular</u>	<u>Occasional</u>	<u>Infrequent</u>
Data Processing	6	1	-
Administration & Fiscal Services	6	1	-
Contract Administration & MMIS	3	4	-
Personnel	1	6	-
Affirmative Action	3	4	-
Financial Management	3	2	1
Management Planning	3	3	-
Program Integrity	3	-	3
Training & Staff Development	3	2	1
Field Operation ( <u>Not</u> including District Offices)	5	1	1
District Offices	5	1	1
Medicaid	4	1	2
Policy	5	1	-
General Assistance	4	1	-
Fair Hearings	2	2	2



12. Please circle the number corresponding to the term that best characterizes the degree of formality in contacts between your office or unit and the other offices and units listed below. (1 = High degree of formality, 2 = Medium degree of formality, 3 = Low degree of formality) In general, the degree of formality should be considered high if the contact is required by a department procedure or directive and the purpose is specified. The degree of formality should be considered low if the contact is not required and the purpose is not clearly stated in a department procedure or directive.

	<u>High</u>	<u>Medium</u>	<u>Low</u>
Data Processing	1	3	3
Administration & Fiscal Services	3	3	1
Contract Adm. & MMIS	1	1	5
Personnel	2	3	2
Affirmative Action	2	4	1
Financial Management	3	1	2
Management Planning	-	2	4
Program Integrity	2	-	4
Training & Staff Development	1	3	2
Field Operations ( <u>Not</u> including District Offices)	2	2	3
District Offices	2	2	3
Medicaid	1	2	4
Policy	3	2	1
General Assistance	1	2	3
Fair Hearings	1	2	3

13. In the space provided below identify specific reports and other information that you routinely use to make management decisions affecting the operation of your office or unit. Next to each item please indicate the source of the report or information (e.g., management planning, data processing, etc.).

- a) \_\_\_\_\_
- b) \_\_\_\_\_
- c) \_\_\_\_\_
- d) \_\_\_\_\_
- e) \_\_\_\_\_

## APPENDIX C

### SURVEY OF MIDDLE MANAGERS

N=45

1. \_\_\_\_\_  
\_\_\_\_\_
2. Please indicate the number of years you have been working in the Department of Income Maintenance? (Round to the nearest whole number.)  
      15 Years
3. Please indicate the number of years you have been working in your present job? (Round to the nearest whole number.)  
      5 Years
4. Please indicate the number of workers who report directly to you.  
      9
- \*5. Please indicate the percentage of your time that is devoted to each of the activities listed below. (The time allocated to all activities must total 100 percent.)  
      24 % Planning and coordinating staff activities related to the responsibilities of your office or unit  
      16 % Reviewing, monitoring, or evaluating work produced by your office or unit  
      17 % Supervising subordinates through direct contact  
      19 % Performing work that is directly related to the output of your office or unit (e.g., conducting audits, processing clients, writing policies, etc.)  
      13 % General administration (e.g., preparing personnel and financial reports, conveying routine information to subordinates, etc.)  
      8 % Meetings not included in any of the above activities

\* Represents an approximation constructed by averaging responses.

\*6. With respect to participants in the meetings you attend, please indicate what percentage of the meetings include:

40 % Only members of your office or unit

44 % Members of other department offices or units

17 % Members from entities outside of the department

\*7. With respect to the nature of the meetings that you attend, please indicate what percentage of them involve:

51 % Matters related predominately to the responsibilities or operation of your office or unit

42 % Matters that are the responsibility of several offices or units within the department including yours

8 % Matters related to the responsibilities or operation of other offices or units, but not related to the specific responsibilities or operation of your office or unit

8. Between July 1, 1983, and June 30, 1984, how many times did you meet with your superior for a formal evaluation of your work?

2

9. Between July 1, 1983, and June 30, 1984, on average, how many times did you meet with each of your subordinates for a formal evaluation of their work?

2

10. Do you have an annual work plan for your office or unit that covers the following time periods?

a) July 1, 1983 to June 30, 1984      30 Yes      10 No

b) July 1, 1984 to June 30, 1985      40 Yes      0 No

\* Represents an approximation constructed by averaging responses.

11. Please circle the number corresponding to the term that best characterizes the frequency of contact between your office or unit and the other offices and units listed below. (1 = Regular, 2 = Occasional, 3 = Infrequent) Please leave the row next to your own office or unit blank.

<u>Office/Unit</u>	<u>Regular</u>	<u>Occasional</u>	<u>Infrequent</u>
Data Processing	21	16	7
Administration & Fiscal Services	17	14	7
Contract Administration & MMIS	10	8	26
Personnel	14	21	9
Affirmative Action	4	13	28
Financial Management	6	17	20
Management Planning	11	16	15
Program Integrity	9	20	14
Training & Staff Development	20	18	7
Field Operation ( <u>Not</u> including District Offices)	24	8	10
District Offices	18	9	6
Medicaid	8	16	18
Policy	25	16	3
General Assistance	10	11	23
Fair Hearings	16	13	16

12. Please circle the number corresponding to the term that best characterizes the degree of formality in contacts between your office or unit and the other offices and units listed below. (1 = High degree of formality, 2 = Medium degree of formality, 3 = Low degree of formality) In general, the degree of formality should be considered high if the contact is required by a department procedure or directive and the purpose is specified. The degree of formality should be considered low if the contact is not required and the purpose is not clearly stated in a department procedure or directive.

	<u>High</u>	<u>Medium</u>	<u>Low</u>
Data Processing	15	11	15
Administration & Fiscal Services	16	9	11
Contract Adm. & MMIS	11	6	23
Personnel	17	11	14
Affirmative Action	9	12	21
Financial Management	14	10	17
Management Planning	13	13	14
Program Integrity	13	10	15
Training & Staff Development	13	14	15
Field Operations ( <u>Not</u> including District Offices)	14	12	15
District Offices	14	7	12
Medicaid	12	12	15
Policy	19	14	9
General Assistance	11	9	22
Fair Hearings	16	9	18

13. In the space provided below identify specific reports and other information that you routinely use to make management decisions affecting the operation of your office or unit. Next to each item please indicate the source of the report or information (e.g., management planning, data processing, etc.).

a) \_\_\_\_\_

b) \_\_\_\_\_

c) \_\_\_\_\_

d) \_\_\_\_\_

e) \_\_\_\_\_

## APPENDIX D

### Department of Income Maintenance's Response to the Program Review and Investigations Committee's Staff Recommendations

[Note: Included in this appendix are the Department of Income Maintenance's comments on the program review committee's initial staff report. Several changes were made by the committee prior to the report being finalized, and hence there are some discrepancies between the department's comments and the information contained in this report.]



LPR&IC REPORT: MANAGEMENT OVERVIEW

- A. Recommendation: The Department of Income Maintenance submit a statement of its mission, goals, and objectives to the General Assembly by January 1 of each year.

Comment:

We agree with this recommendation. We find the mission, goal and objective statement helpful to ourselves and will be glad to share it.

- B. Recommendation: The department amend its Managers planning Manual to require that each individual's management incentive plan reflect that individual's role in implementing the department's annual goals and objectives.

The Managers planning Manual be amended to require the commissioner to review and approve, disapprove, or modify each manager's plan prior to its starting date.

The department designate the director of the personnel office as the single person responsible for monitoring and informing the commissioner about the department's adherence to requirements set forth in the Managers planning Manual.

Comment:

We agree with this finding. We have charged the design team with analyzing our entire MIP process and will have these recommendations included in that analysis. For the 1984-85 year, we have required that each manager's MIP objectives relate to the agency goals. We have also named our Director of Personnel as the lead person for all MIP issues.

C. Recommendation: The Department of Income Maintenance be required by January 1, 1987, to replace its existing policy and procedures manual with a new manual developed in accordance with Chapter 54 of the Connecticut General Statutes. The new manual shall set forth in clear, concise language the policies and procedures to be used by the Department of Income Maintenance in implementing and enforcing federal and state laws.

Department of Income Maintenance identify by January 1, 1986, those portions of the existing manuals that will be deleted, retained, or modified, and the reason for each designation.

Comment:

We agree that the policy manuals should be rewritten. We are equally concerned that the process conform to Chapter 54 of the CGS, that the presentation be clear, thorough and allow for uniform interpretation. We have trained our policy staff in the new method and format for written policy. Sections of the new manual as rewritten have been circulated to staff for comment and review.

The approach suggested in the recommendation differs somewhat, however, from the plan we prefer. We are identifying topics and covering each topic in depth as we rewrite it -- a "vertical approach." The finding indicates we should work with all topics in stages -- a "horizontal" approach. We believe our method better meets the needs we have, and would find it very disruptive to restructure the process at this date.

Our time line for the new manual is January 1986 for all sections which require system interface and we remain committed to that date.-

D. Recommendation:

1. The department should designate a specific unit within the existing office of Management Planning and Evaluation to carry out an operations research function.
2. The operations research unit should monitor and analyze the department's management administrative and procedural systems and issue written reports to the commissioner and his deputies.

3. The Office of Management Planning and Evaluation should develop a written work plan that:
  - a) clearly distinguishes the operations research unit from the research and statistics unit in terms of their roles and resources; and
  - b) establishes procedures for selecting and conducting operations research projects.

Comment:

We feel it important to clarify the allocation of resources between Research and Statistics and management analysis (MA) activities. As the old "Research & Statistics" unit evolved over the years it began handling more and more MPE-type activities in response to agency needs. The change at reorganization (which created the MPE unit) involved formalizing this existing role, adding certain other MPE functions (forms design, forms/records control, suggestions, etc.), and providing additional staff to enhance capacity.

The two areas overlap to a degree, and a number of activities could be characterized as either or both. We are differentiating the two, and working toward a separation where each project is assigned to one or the other function.

We also have some comments on the data in Table 1. First, the figures under quality control reflect the abnormal level of resources required this past year to absorb the IQC backlog, and double process data. As mentioned elsewhere; the backlog is largely eliminated and the double processing should be reduced by the Tymshare arrangements. Secondly, the five categories do not necessarily break out into clearly MPE or R&S functions. For example, Quality Control has both Research and Statistics and MPE components as do the Special Projects and Other categories.

We agree that projects should be assigned to specific individuals and that each component of the Division have identifiable functions. Where possible we will assign MPE projects to one supervisor and Research and Statistics projects to the other. It should be recognized, however, that there is much overlap and that as agency priorities dictate, resources may be used interchangeably at times.

The project coordination mechanism being developed with the strategic planning group will provide a more systematic approach to selecting and prioritizing projects.

E. Recommendation: The Research and Statistics unit:

- a) regularly review the information needs of the department;
- b) eliminate the required collecting and reporting of information that is not routinely analyzed and turned into a report; and
- c) concentrate on collecting, analyzing, and disseminating in a timely manner information that is identified by department managers as important to the decision-making process.

Comments:

We agree that our data needs should be assessed and that reports must be timely in order to be useful management tools. We have taken several steps in this direction, and others are planned for the future. For example, MP&E worked with the Resources Unit to analyze its information needs. As a result, a new and more relevant reporting system was installed. The MP&E Unit has started an analysis of General Assistance Data collection, in response to agency identified needs and as a result of a finding by the State auditors.

Fair Hearing reports will be changed as we move toward EMS, so that policies which frequently arise in hearings can be reviewed for clarity and accuracy. Currently, the annual Fair Hearing report does analyze AFDC hearings by issue. To refine this process to what we really need would duplicate what will be done as part of EMS, and we feel it inappropriate to do double work in order to resolve the situation prior to EMS.

Other reports may be required for court purposes, or may be federally mandated. These are not necessary or of major use to the department, yet time is required to prepare and submit them. Finally, the problem of unduplicated cases cited in the report is of national concern. All states face this issue, and none has successfully resolved it. We are working with the American Public Welfare Association to develop a national method for isolating case counts, and we will build where possible this ability into EMS.

With most of the delaying events behind them, the microcomputer scheduled to arrive in November, and the loading of Quality Control data on Tymshare planned for the next three weeks, the Management Planning and Evaluation unit should be in position to catch up on its late reports and stay current.

F. Recommendation:

- 1) the department should establish a staff unit within the program division to carry out both a long term and strategic planning function.
- 2) The unit should issue periodic reports that:
  - a) identify trends affecting the department's case load and expenditures;
  - b) forecast the need for and nature of resources two or more years into the future; and
  - c) outline strategies needed to meet future needs.

Comment:

We believe it inappropriate to change the reporting responsibility of the strategic planning function. The function equally serves both the administrative and program sides of the agency, and is available to each whenever needed. The unit serves to coordinate and structure the process, and to provide data which help the agency make effective decisions. The function clearly needs more staff, but we do not feel that new staff should be placed elsewhere in the department.

There is internal logic in placing the MP&E function close to the Research & Statistics functions. The forecasting of trends, analysis of patterns and other activities required in planning demand expertise in handling statistics, performing research, and analysis of complex data.

Our concept of the "strategic" planning role for MP&E is that it serve as a coordinating mechanism to provide an overall context for the commissioners and key directors in meshing a variety of efforts focused on the future: strategic planning, operational planning, financial planning, program budgeting, MIP, and corrective action. It is important that this coordination exist both horizontally and vertically to provide a logical, cohesive flow from agency mission and goals to strategic and then operational planning and on down to individual managerial work plans. Only with such a unified approach can we feel confident that agency resources are being employed most effectively in fulfilling our mission.

Since MP&E is specifically directed to function in areas involving agency-wide issues, it seems to be the appropriate location for this coordinating role.

The agency has already begun to explore approaches for organizing itself for the comprehensive planning outlined above. This spring, discussions of key directors to settle our approach to corrective action brought out the need for better overall coordination and planning. The commissioners then responded by making 'strategic' planning a specific objective for fiscal year '85. In August, a set of key directors was identified for involvement with the process, and in September this group (including the commissioners) met with a consultant on strategic planning. This planning group met again in October

to review proposals for initiating a system for coordinating project activities and continued discussions on the overall approach. The major item on a recent executive staff meeting agenda was a discussion on the basic nature and role of MIP in our operations. The outcome of this meeting was an assignment to the MIP design team to thoroughly review the MIP process and develop recommendations for improvement.

In summary, the agency is aware of its need to develop a comprehensive coordination and planning capacity. The subject is being actively explored in a variety of agency forums, and we are firmly committed to moving in this direction.

G. Recommendation: The department should develop full budget forecasts for one, two, and three years into the future.

Comment:

Experience teaches us that forecasting these programs is often very imprecise and subject to forces beyond our control. The Department prepares its budget in accordance with procedures and policies required of all agencies by OPM. We attempt, whenever possible, to forecast into the future.

H. Recommendation: The department should make one person responsible for monitoring and reporting to the commissioner on the implementation of all new legislative mandates.

The department shall on January 1 of each year submit a report to the legislature indicating its degree of compliance with all legislative mandates imposed on the department during the previous 12 month period.

Comment

We agree that one person should be responsible for monitoring implementation of legislative mandates. We have assigned this responsibility to our legislative liaison. We are also willing to submit annual reports indicating status of mandates imposed during the previous 12 months.

- I. Recommendation: The Department of Income Maintenance should provide the legislature with a financial report outlining all cost disallowances, financial penalty disallowances, sanctions, and fines actually paid during the preceding fiscal year. The report should identify for each occurrence the circumstances leading to the imposition of the penalty. The report should also identify all recoveries occurring during the fiscal year for previous years.

Comment:

We are willing to provide this information although it is somewhat duplicative of the reports we provide on sanctions as they occur.

- J. Recommendation: DIM should require each central office director to develop an annual work plan that includes:

1. a mission statement for the office and specific goals and objectives for each unit within the office;
2. a description of the procedures used to select and perform activities;
3. quantitative performance indicators for the work flow of the office; and
4. a status report on the previous year's work plan.

Comment:

We believe these work plans should be an integral part of our MIP process.

We will ask the design team to include these recommendations in its assessment of that process (see comment on Recommendation B).

- K. Recommendation: The Department of Income Maintenance should have a procedure whereby employees can file written complaints (anonymous or otherwise) regarding improper or ineffective activity by individuals or units.

The procedure should provide a screening mechanism whereby only those complaints against individuals that alleged violations of state or department rules are investigated. Complaints against specific units within the department should be screened and prioritized on the basis of the magnitude of their impact on clients or the department.

The procedure should provide that only the commissioner can authorize the conduct of an investigation resulting from an anonymous employee complaint. The investigation should be conducted by the internal audit unit, and the results of each investigation undertaken should be placed in writing and sent to the commissioner.

Comments:

This recommendation raises some very serious management issues. We believe that all employees should have the right (even, the responsibility) to report instances of improper activity or violation of agency or State rules. We hope and believe we create an environment where this can be done. We have received both anonymous and signed complaints and we have acted on each one.

At the same time, our employees need to feel secure in expressing dissension with the rules, voicing disappointment or frustration or disagreement without fear of reprisal. The adoption of a formal, in-house complaint procedure, with in-house investigatory staff (in the program integrity unit) has a tendency to create fear, stifle expression, reduce morale.

Again, we concur that complaints must be allowed and investigated. At the same time the rights of all employees must be protected. We will therefore consider this suggestion very seriously, determine how other agencies are handling these issues and arrive at an approach which reflects our best assessment of what is appropriate.

We note a comment that a worker indicated bias in Fair Hearing decisions. This is a complaint which is raised periodically. We have taken a lot of steps to review our Fair Hearing process: we conducted extensive training in the process for virtually all agency staff (using a law professor from UConn, our Chief of Fair Hearings and our training unit), we reviewed our hearing statistics with those of other states (our rate of finding for the Department is the same as other states) and we established a Fair Hearing Work Group to research any complaints, whether they be case specific or represent more generic issues.



We believe concerns about fair hearing decisions should be addressed through the work group. Staff have been instructed to bring problems to that group. A District Director sits on this group to represent those concerns about bias towards clients which are raised in the report. We feel this committee is a good vehicle to resolve issues about the fair hearing unit. However, we also find that there should exist a healthy tension between the fair hearing unit and worker staff. It is critical that hearing officers truly make an independent review of each case. The forum in which decisions are made is different at a hearing--the client often provides previously missing documentation only at the hearing stage, or otherwise complies with eligibility requirements. The Unit must maintain a delicate, critical balance between adherence to rules and independent, objective review.